

Sino-Italian Relations in a Turbulent Mediterranean: Trends and Opportunities

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This essay analyses Sino-Italian relations against the background of the increasing salience acquired by the west Asia and northern Africa region in Rome's and Beijing's strategic calculus. As China projects westward through a "New Silk Road" culminating at the intersection of the Mediterranean Sea and Europe's northern core, the spectrum of Italy's foreign policy options opens to innovative forms of cooperation with China to meet the challenges emanating from the EU's southern and southeastern neighborhoods. An integrated study of the dynamics of Sino-Italian bilateral relations and of the mounting strategic exposure both countries have across west Asia and northern Africa underscores the urgency of consolidating the societal foundations of the strategic partnership ten years after its launch.

In many ways, the current dynamics of Italy-China relations can be read as a function of a much wider and more structural trend which, in retrospective, may turn out to be a defining trait of Beijing's foreign policy under Xi Jinping's leadership: the ambitious westward projection of the People's Republic of China. Such agenda is heir to – or indeed an upgraded synthesis of – two long-term policies launched by the Chinese leadership at the turn of the century: the "Go out" policy (*zou chuqu*), designed to stimulate Chinese companies to compete globally (a move "accelerated", *jiakuai*, with the twelfth Five-year plan, 2011-2015), and the "Grand western development" policy (*xibu dakaiifa*), crafted to promote growth and enhance stability in China's western provinces, including increasingly restive Tibet and Xinjiang. The need to integrate these policies towards a single, comprehensive strategy – catalyzed by the deterioration of a number of the PRC's bilateral relations in East Asia, as well as by the US re-balancing toward the Asia Pacific region under the Obama administration – was first introduced in the scholarly debate by Wang Jisi in 2012,² as the "March West" (*xijin*) theme. One year later, in September 2013, it was officially broadcast as one of Xi Jinping's signature foreign policy propositions under the rubric of the "new Silk road for the 21st century".³

In advocating this approach China is not isolated: countries from the opposite ends of the Eurasian continent – Turkey, Russia, Kazakhstan and South Korea above most⁴ – have also long corroborated a discourse of “connectivity”, which eventually emerged as pivotal during the 10th Asia-Europe Meeting (ASEM) in Milan, Italy, in October 2014. Contrasted with the opportunities generated through the globalized “commons” – oceanic and air routes, outer and cyber space – the untapped economic and social potential which could be leveraged by better integrating the world’s largest, richest, and most populated landmass is apparent to all parties concerned. For China, this agenda has an especially salient strategic dimension: ambitious proposals such as the promotion of a “Eurasian single market” are coherent with Beijing’s broader pursuit of “world multi-polarization, [...] a new situation for international relations featuring peaceful coexistence and win-win cooperation.”⁵

Europe is a critically important interlocutor for China in this process of re-configuration of the international system. In calling for more “democracy” and “harmony” in international relations⁶ Chinese officials echo the classical philosophical concept of *he er bu tong* to argue for the equal legitimacy of an irreducible plurality of political and socio-economic regimes. With its own peculiar breeds of capitalism and state-society relations – especially in the Eurozone – and a set of strategic interests in its eastern and southern neighborhoods that are not necessarily aligned with US foreign policy priorities, in the eyes of Chinese policymakers the European Union stands out as potentially the world’s most effective counterpoint to US “hegemonism” (*baquanzhuyi*).

Since the establishment of diplomatic relations with most western European countries and the European Economic Community in the 1970s, leaders in Beijing have invested significant energy, resources and creativity in shaping China’s engagement with Europe. In the early 2000s, as a vigorous European commission led by former Italian Prime Minister Romano Prodi and an ambitious European Convention seemed poised to dramatically enhance the process of EU integration, then Chinese Premier Wen Jiabao led efforts for closer cooperation with Brussels, culminating in the launch of the EU-China comprehensive strategic partnership in 2003. Contextually, Chinese academia registered a steep increase in funding and human resources allocated to EU studies, which in most cases absorbed or replaced established research agendas on the former Soviet Union and individual European countries.⁷

After 2005, failure to achieve the two major political goals of the time – the granting of market economy status and the lifting of the arms embargo on part of the EU –, coupled with a perception of the enduring dominance of US desiderata over EU foreign policy making, led Chinese leaders to reassess their expectations in Brussels’s capacity to operate as a fully autonomous “pole” in the international system. The re-calibration of Beijing’s approach, perfected in 2013 under Xi Jinping’s stewardship, produced what could be termed China’s current *Europe*s policy: no longer an EU-centric approach, nor a collection of assorted bilateral relations, China’s new engagement with Europe more systematically reflects the multilevel nature of governance in the European polity and the shifting power distribution among European states. At the Union level, Beijing has reinforced its political commitment through Xi Jinping’s visit to EU institutions in March 2014, the first ever by a sitting President of the PRC and a strong signal coming just ahead of the European Parliament elections of May 2014 and the subsequent selection of the new Presidents of the European Council and Commission, as well as the High Representative of the Union for Foreign Affairs and Security Policy. Also of continental relevance, given its growing role as China’s key “anchor” in Europe,⁸ is the acceleration in the long-term deepening of the Sino-German comprehensive partnership, incorporating a strategic dialogue on diplomatic and security affairs. Bilaterally, China has been cultivating the other nine strategic partnerships it forged with EU member states between 2004 and 2012.⁹ Finally, in a notable departure from its consolidated practice, in 2013 Beijing launched a highly innovative 16+1 “Central and Eastern Europe” (*Zhong Dong Ou*) dialogue mechanism to increase its foreign policy traction with regards to both EU member states and candidate countries in the eastern sub-region of Europe stretching from the Baltics to the Balkans.

West Asia and northern Africa in Italy’s and China’s strategic calculus

Assessed against this background, China’s relations with Italy reveal their peculiar strategic potential, which stretches well beyond the figures emerging from the interplay between the world’s second- and ninth-largest economies. Especially since the outbreak of the global financial crisis, Italy’s salience – at the EU, sub-regional and bilateral level – has steadily risen in China’s foreign policy calculus.¹⁰

At the EU level, the contingent reasons for Italy’s particular relevance have shifted remarkably in the 2009-2014 period. Regarded as a systemic liability within the Union at the onset of the crisis –

and one of such magnitude as to potentially cause the unraveling of the Eurozone and thus fresh chaos in the global economy – Rome has since re-emerged as a vocal and influential player in the debate over the future of the Union. China played a role in this complicated transition: despite widespread concerns among Chinese experts and officials about the Italian governments' capacity to steer the country out of its most severe recession since the second World War,¹¹ Chinese authorities chose to factor the sustainability of Italy's sovereign debt in their investment agenda and, contrary to other Asian central banks, the People's Bank of China continued to invest in Italian government bonds – albeit at shorter maturities – throughout this period.¹²

Building on the successful consolidation of public finances under the governments led by Mario Monti (November 2011 - April 2013) and Enrico Letta (April 2013 - February 2014), a politically more vigorous executive headed by Matteo Renzi has since April 2014 redefined the entrenched dynamics of Italy's act in the EU. Following a historic landslide victory by his Democratic Party at the May 2014 European Parliament elections, the Italian Prime Minister has leveraged the higher profile of Italian members of the new Parliament – whose caucus now includes two vice-presidents and the leader of the Progressive Alliance of Socialists and Democrats, the second-largest parliamentary group and a key partner in the grand coalition forming the majority – to underpin his ambitious agenda for Italy's presidency of the Council of the European Union (July-December 2014).

Two outcomes of this more assertive phase in Rome's EU policy are set to have an enduring impact on Sino-Italian relations. The only incumbent administration of a major EU member state to have received a strong mandate by the electorate to challenge the current economic policy priorities of the Union, the Italian government has been the leading proponent of a shift away from fiscal consolidation toward job-creating growth. Jean-Claude Juncker, President of the European Commission as of November 2014, has proved sensitive to calls for a comprehensive revision of the EU economic policies: his political guidelines presented before the European Parliament plenary session in July 2014 contain an ambitious "Jobs, Growth and Investment Package" with the aim to rekindle growth in the EU, while strengthening the depleting industrial base across the Union.¹³ A neo-Keynesian turn in Brussels is vitally important for the Italian economy to recover without resorting to unsustainable debt creation, while healthier growth in the EU is a critical driver for China's own development, as Europe remains the world's main market for Chinese exports. Similarly significant, though more ambivalent as to the impact on relations with China in the medium term, is the Commission's emphasis on manufacture. While strategic for the Italian

economy – which is the second largest in Europe in terms of industry value added on GDP (20% in 2013 according to World Bank data), but has lost 25% of its manufacture base during the financial crisis – the Commission’s drive to bring the contribution by industry to the Union’s GDP to 20% from the current level (16%) is likely to spark increasing competition as China too invests heavily in industrial upgrade to compete at higher ends of the value chain.

A second consequential outcome of Italy’s more perceivable footprint in Brussels is the appointment of the former Italian Minister of Foreign Affairs, Federica Mogherini, as High Representative of the Union for Foreign Affairs and Security Policy. With a strong background in Transatlantic relations, Ms. Mogherini has signaled her commitment for a fresh approach to the EU’s external agenda. Both in her former capacity as Foreign Minister of the country holding the rotating Presidency of the EU and with the choice of Israel, Gaza and the West Bank for her first trip abroad as confirmed head of Europe’s diplomacy, the new High Representative has hinted at a less confrontational course of action vis-à-vis Russia on the Ukraine crisis, and at a more balanced distribution of Brussels’ strategic focus across its eastern and southern neighborhoods. This shift brings the EU closer not only to Italy’s core foreign policy priorities, but also to the prevailing sentiment in Beijing. Alarmed by what they perceived as an inappropriately outspoken support for Ukraine’s second “color revolution” by the previous EU leaders, as well as by surreptitious Russian-sponsored fragmentation of the Ukrainian state, Chinese officials are (quietly) comfortable with Mogherini’s preference for engagement over confrontation with Moscow, as well as with her firm rejection of attempts to jeopardize Ukraine’s territorial integrity through the “presidential and parliamentary elections” held in the Donetsk and Luhansk “People’s Republics”.¹⁴

The new High Representative’s commitment to invest more EU political capital in what China calls the west Asia and northern Africa region (*Xi Ya Bei Fei*)¹⁵ is in continuity with her casting a more dynamic Mediterranean agenda for Italy’s foreign policy while in government in Rome. Effectively breaking with previous practice to make Tunisia his first visit abroad as Prime Minister in February 2014, Prime Minister Matteo Renzi embraced a further deepening of Italy’s projection in the wider Mediterranean space. This is consistent with Italy’s structural interdependence – both economically, and security wise – with west Asia and northern Africa, a trait which has become markedly more prominent over the past decade, despite increased instability since 2010. With about half of its total oil and gas imports coming from Libya, Algeria, Iran, Iraq, Qatar and Saudi Arabia, Italy’s energy security is heavily reliant on stable flows across the Mediterranean. Italy is among the top-3 EU destinations for exports from seven out of the ten largest economies in this region,¹⁶ while the share

of Italy's own exports to the same countries has risen by 46% over a decade, from 5.2% of Italy's total exports in 2004 to 7.5% in 2013.¹⁷ Investments have grown at an even faster pace: the stock of Italian OFDI across the whole of the west Asia and northern Africa region was over 60 billion USD in 2012, a 12% share of the global stock of Italian OFDI, up from less than 20 billion USD in 2009 (3,5%).¹⁸ A similar threefold increase has been recorded by the consular registry offices: though very reduced in absolute terms, over the 2004-2013 period the number of Italian citizens residing in this region has grown from 0.3% to 1% of all Italians officially listed as living abroad (just short of five million individuals in total in 2013).

Italian institutions have shifted their posture to keep up with this trend. In 2003, when the number of diplomats within the Italian Ministry of Foreign Affairs was at its historical peak, Rome deployed 674 diplomatic and non-diplomatic personnel across west Asia and northern Africa, or 12.7% of the total. By 2013, despite a structural trimming of human resources (-23% over a decade), personnel in the region had risen to 768 units, reaching 18.7% of total diplomatic and non-diplomatic personnel in the administration of Italy's MFA. In 2013 Italy's embassy in Cairo was only marginally less staffed than that in Beijing, and both were among Italy's top-5 in the world, together with Washington D.C., Moscow, and Berlin. The centrality of the west Asia and northern Africa region in Italy's foreign policy projection is also reflected in the allocation of development cooperation funds: 9 out of the 20 countries receiving the largest volumes of assistance (actual transfers) in 2013 were in this region. Similarly, some 80% of all scholarships awarded through Italian ODA funds were concentrated in west Asian and northern African countries, a further increase from 73% in 2003.¹⁹

Instability across its southern and southeastern neighborhoods is thus a strategic liability for Italy, both in terms of rising risk premiums on its current economic engagement with partners in the region, and for the severe constraints it poses to the development of further ties in an area that has traditionally been more approachable for those small and medium enterprises constituting the stressed backbone of Italy's economy. At the same time, the proximity and immediacy of national security concerns have stimulated an urgent re-thinking of the geopolitical landscape Rome is facing. Italy's lost salience as a stable conventional frontier of the free world during the Cold War has re-emerged in the insidious shape of Europe's most exposed and porous border with areas incubating potentially devastating non-traditional threats by opaque and radical leaderships. With far fewer positional dividends to be gained in this new context at a time of relative retrenchment of the US presence in Europe and the Middle East, the Italian government's priority is to manage the

rising costs of facing burgeoning influxes of immigrants,²⁰ the radicalization of young Muslims domestically, a civil war in contiguous Libya, and the emergence of centripetal dynamics among militant Islamists gathering around the banners of the “Islamic State”, which openly quotes Rome and the Vatican among its ultimate targets.

With seemingly contingent emergencies being recast as enduring challenges, the spectrum of viable foreign policy options has effectively been broadening for Italian authorities. At the EU level, attempts to envisage bolder forms of defense integration stand to gain traction, since fiscal constraints would not allow countries like Italy to pursue efficient reforms of their armed forces, while at the same time increasing their capacity to take responsibility for an enhanced regional role through NATO.²¹ Bilaterally, and particularly with regards to China, the west Asia and northern Africa region is home to several prime examples of third countries where the strategic partnership between Rome and Beijing could experiment with innovative joint initiatives aimed at fostering security, stability and economic development.²² Faced with a widening interests-capabilities gap – whereby the magnitude and diversity of economic activities by Chinese operators in west Asia and northern Africa far outpaces the political, military and “soft-power” footprint of the PRC in the region – the Chinese party-state too requires influential and reliable partners to pursue two of its core interests in the region.

The first such interest is the territorial integrity of the PRC, threatened by increased restlessness in China’s north-western Xinjiang province. Home to over ten million Uighurs, a sizeable Turkic-Muslim minority which is in fact a plurality within the province, Xinjiang has traditionally been the contested bastion for China’s projection toward central Asia, and, more recently, the center of nuclear and missile tests by the Chinese armed forces. With the escalation in China’s energy imports, the salience of this province as a strategic junction of international energy corridors has risen steeply in recent decades, a trend which is set to be reinforced by the forthcoming development of the transport and telecommunication networks planned as part of Xi Jinping’s New Silk Road vision. A stable Xinjiang is thus increasingly urgent at the very time when widespread frustration with enduring political, economic, social and cultural deprivation has rendered segments of the Uighur population more militant and permeable to Islamic fundamentalism. Building on a long history of rebellions in pursuit of an independent Turkestan, unrest and terrorist acts have plagued especially the more orthodox and economically backward south of the province, before spreading to Beijing (October 2013) and even Kunming in China’s deep south (March 2014). Beijing faces both an internal challenge – whose dynamics appear increasingly to be beyond the

capacity of the government to resolve through the current mix of heavy repression and pursuit of accelerated economic growth – and two external ones, both of which originate in the west Asia and northern Africa region. The first is the pernicious spreading of radical versions of Islam within Xinjiang; the second, an even more immediate one, are direct calls to launch a jihad against China and its people. In 2009 Algeria-based “Al-Qaeda in the Islamic Maghreb” called for revenge against China and declared Chinese workers legitimate targets; shortly thereafter, the “Islamic State of Iraq” released a video calling on Muslims to join the Uighur jihadists and fight against China.

A second core interest Beijing must factor in its foreign policy calculus with regards to west Asia and northern Africa – including bilateral and multilateral efforts aiming at mitigating the volatility of the region – is the preservation of a healthy global economic climate and a workable regional environment for China’s own continued development. West Asia and northern Africa form a strategic quadrant in this respect: in excess of 43% of China’s energy imports come from this region, and Chinese exports towards these markets have grown from 6.4% of the PRC’s total exports in 2003 to 9.6% in 2013. Though still relatively modest, Chinese outbound foreign direct investment has been flourishing as well, accounting for a stock across the region worth 10.8 billion USD in 2012, on par with the rising aggregate value of contracts awarded to PRC companies (37.7 billion USD in 2012) and the climbing number of relevant Chinese personnel, officially put at about 150,000 workers but likely to be much higher.²³

This rather sizeable economic interaction between China and countries in west Asia and northern Africa is a recent development: of the 29 countries included in this region for the purposes of this work, only Sudan could be said to have a meaningful trade relation with China in 2001. In 2012/2013 the share of trade with the PRC out of total trade with the world is above 7% for at least 15 countries, with data missing for several others likely to post similar volumes (i.e. Eritrea, Iran, Kuwait, Libya, Sudan, UAE). In at least five cases – Ethiopia, Iraq, Mauritania, Niger and Yemen – the share is close or above 20%. This trend is set to develop rapidly and consolidate over time: in the midst of a vigorous debate on what forms of “creative interventionism” China should pursue – seeking to strike a new balance between its global economic interests and its traditionally non-interventionist foreign policy posture – the argument having the most traction in Beijing posits the necessity to induce greater economic dependency on China among countries in west Asia and northern Africa as a surrogate of missing military-political influence.²⁴

Consolidating the Italy-China strategic partnership through cooperation in the Mediterranean

With the European project and the Atlantic alliance at the core of its foreign policy, and the Mediterranean region and Russia as traditionally the furthest areas of substantial political projection, Italy never developed a full-fledged China policy. After the unraveling of a seemingly effective but highly personalized and ultimately fragile “guanxi entente” connecting apical political leaders from the two countries through to the early 1990s,²⁵ Italian governments only shifted to a more consistent engagement with China in the late 1990s owing to the efforts of President Carlo Azeglio Ciampi and Prime Minister Romano Prodi (1996-1998). In 2004, under the second government led by Silvio Berlusconi, the two countries officially entered a “strategic partnership”, designed to enhance the level of political dialogue, but also – and more urgently, from Rome’s standpoint – to reframe diplomatic engagement on the rebalancing of what had evolved into a severely skewed economic relationship.

The political economy of Italy-China relations is in fact rendered unique in Europe by three fundamental factors and two specific dynamics. The former are constituted by the presence – in both the Chinese and Italian economy – of a strong manufacturing sector, heavy reliance on exports, and a distinctively low-tech production bias. The two dynamics that have developed upon these foundations may be characterized as asymmetrical competition and asynchronous opportunities generation.²⁶ Starting in the 1990s, the PRC’s increasingly vigorous projection on global markets has been inducing a relentless competitive dynamic, with severe displacement of Italian companies across all of Italy’s traditional production sectors, comprehensive restructuring of its small and medium enterprises, and a heavy toll on employment borne by the Italian society. Contextually, Italian business proved unable to fully exploit the opportunities offered by China’s opening market.

This asynchrony of opportunities for Italian companies was to an extent inevitable, given that a sizeable section of national manufacture – specialized in the production and export of consumer goods generally identified as “Made in Italy” – was unable to tap into any substantial demand for its products in a market that remained rather modest in size and comparatively underdeveloped in terms of its consumption patterns.²⁷ Despite official statements of goodwill and the negotiation of a first Three-year Action Plan (2010–13) reaffirming the joint effort by the two governments to promote increased and more balanced trade, only marginal improvements would be achieved over the subsequent decade. Though Italian exports to China have been growing by an average of 8.8% a

year since 2006, in 2013 their total value did not reach 10 billion EUR, vis-à-vis 23.1 billion worth of imports from China, generating a deficit of 13.3 billion EUR (15.4 billion EUR in 2007).

The enduring economic pain associated with the PRC's rising profile in global trade across the world – including markets where Italian operators used to hold a consolidated edge – has had a profound impact on China's image among Italian citizens. For the most part scarcely informed about China's complex reality, with hardly any tradition of meaningful cultural interaction even with domestic Chinese immigrants, and rarely exposed to systematic discussions of what features a comprehensive, negotiated partnership with China should entail for Italy, the Italian public has consistently displayed the most unfavorable opinion of China among European countries. According to the Pew Global Attitudes project – whose results are echoed by other relevant surveys – in 2014 Italian respondents were third to Japan and Vietnam in the international ranking of countries whose citizens declared to have the most negative perception of China.²⁸ Such unenthusiastic outlook is reflected by political leaders: while the Italian government – and especially the Ministry of Foreign Affairs – are regarded as reliable and steady partners by Beijing, in parliamentary works China is virtually uniformly discussed as a challenge to Italy's society and national interest.²⁹

The tenuous support the PRC enjoys among Italian citizens is politically consequential. As vast and volatile sectors of a deeply frustrated Italian electorate seek culprits for the seemingly inexorable decline of living standards throughout the country, China may emerge as an ideal target. The mix of economic malaise in Italy, unease among traditional allies for China's increasingly perceivable footprint across Europe and the Mediterranean region, and the absence of established “normative entrepreneurs” capable of addressing entrenched skepticism in the Italian society, may impose political constraints on Prime Minister Renzi and Premier Li's commitment to “open a new chapter” for “a real upgrade” in bilateral relations.³⁰

Only in 2014 did Beijing appear to finally heed the need for some tangible public action to start addressing this slippery perception issue. Besides signing a new Three-year Action Plan (2014–16), now calling for “an accelerated, if gradual, rebalancing of trade relations through a substantial increase of Italian exports of goods and services to China”, Chinese sovereign wealth funds and state-owned enterprises have brought unprecedented dynamism to the previously negligible figures of China's direct investment in Italy. In a series of sudden moves on the Italian stock market, investment vehicles drawing on the vast foreign reserves of the People's Bank of China increased

their equity holdings in seven strategic Italian companies to bring them just above 2%. While the cumulative value of such portfolio is in itself remarkable – over 3 billion EUR as of 24 October 2014 – it is worth underlining the “signaling effect” of these actions: 2% is the lowest threshold requiring the Italian stock exchange monitoring commission to release a public report on “relevant shareholdings”. China’s suddenly rising profile in the Italian financial market – and media – was subject to much speculation, to the point of being referred to as resembling the “dawn of a second Marshall Plan [...] severing some relationships formed in postwar Europe”.³¹

In parallel with this spike in equity acquisition, two of China’s largest state-owned enterprises sealed major industrial deals with Cassa Depositi e Prestiti, a public financial institution managing Italian postal savings, and progressively morphing into Italy’s own development bank. For a total of 2.5 bn EUR they acquired 35% of CDP Reti and 40% of Ansaldo Energia, respectively the company controlling Italy’s electricity and gas grids, and Italy’s largest manufacturer of power generation equipment (Table 1). More agreements were signed in October 2014, during Premier Li’s official visit to Rome: 3 billion euros have been earmarked for joint investment in infrastructure, equity acquisition, export promotion and support for small and medium enterprises. While these memoranda have yet to generate their effects, they follow Prime Minister Renzi’s strong call for further investment from China, especially in the form of job-generating greenfield investments.

Table 1. Major equity investments in Italy by the Chinese state and state-owned enterprises in 2014

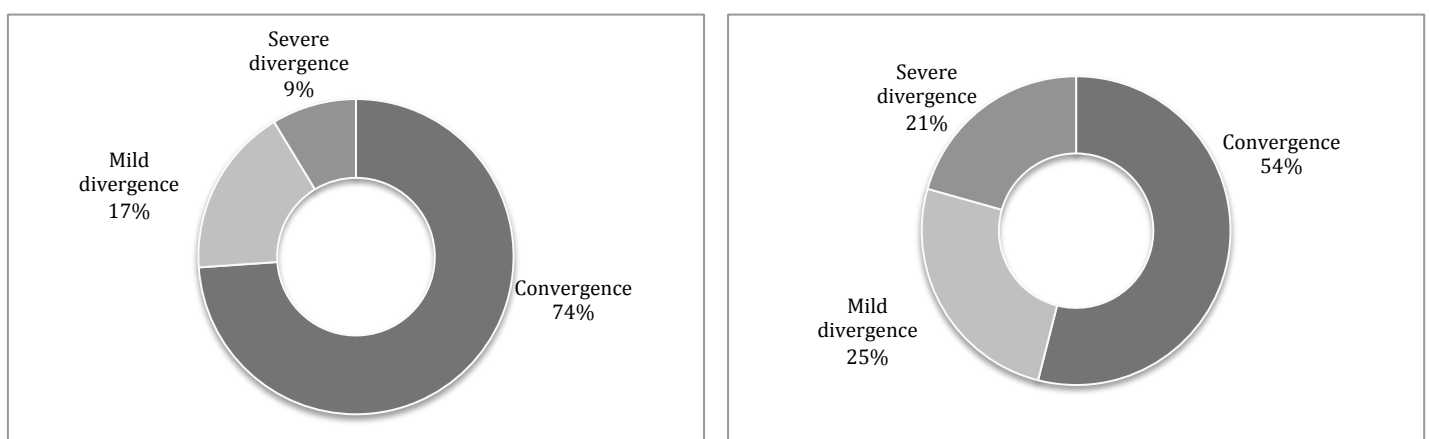
Date	Investor	Value (EUR mln)	Quota	Invested company	Sector
21/03/14	PBoC	710.8	2.07%	ENEL	Energy
21/03/14	PBoC	1,249.8	2.10%	ENI	Energy
11/06/14	Shanghai Electric	400.0	40.00%	Ansaldo Energia	Technology
28/07/14	PBoC	58.6	2.02%	Prysmian	Technology
29/07/14	PBoC	178.0	2,00%	FIAT	Manufacture
29/07/14	PBoC	305.8	2,01%	Telecom Italia	Telecom
31/07/14	PBoC	476.7	2,01%	Generali	Insurance
31/07/14	State Grid	2,101.0	35.00%	CDP Reti (Terna, Snam)	Infrastructure
21/10/14	PBoC	114.1	2,00%	Mediobanca	Finance

Source: author’s extrapolation from data published by the Commissione Nazionale per le Società e la Borsa (CONSOB) and the Italian Stock Exchange (Borsa Italiana).

As both Italy and China rely on west Asia and northern Africa to service around half of their energy needs – and share the perception of a direct security challenge emanating from this fractious geopolitical quadrant – cooperation to mitigate spillover effects and stabilize the region would allow for a stronger bilateral relation to be construed through multilateral regional engagement. Save for the inevitable discomfort that a similar course of action would generate among traditional allies, most notably the US, available indicators do not point to a lack of common political ground for Rome and Beijing to pursue more ambitious agendas. To the contrary: analyzing voting records at the General Assembly and the UN Human Rights Council³² as a proxy to assess the level of political convergence/divergence between the two governments, what emerges is a picture where the level of political divergence on issues connected to west Asia and northern Africa is consistently lower than the average.

At the General Assembly, a total of 63 resolutions were passed during the 68th session (2013-2014): the Italian and Chinese representatives converged on the same voting pattern 54% of times, diverged mildly (with one of the two abstaining) in 25% of the votes, and voted outright against the other's position in 21% of cases. Figures are perceptibly more positive when only votes relevant to the west Asia and northern Africa region (1/3 of the total) are taken into account: here convergence rates rise to 74%, mild divergence is reduced to 17% and severe divergence drops to 9% (Figure 1).

Figure 1. Voting patterns at the UN General Assembly: level of convergence, Italy and China

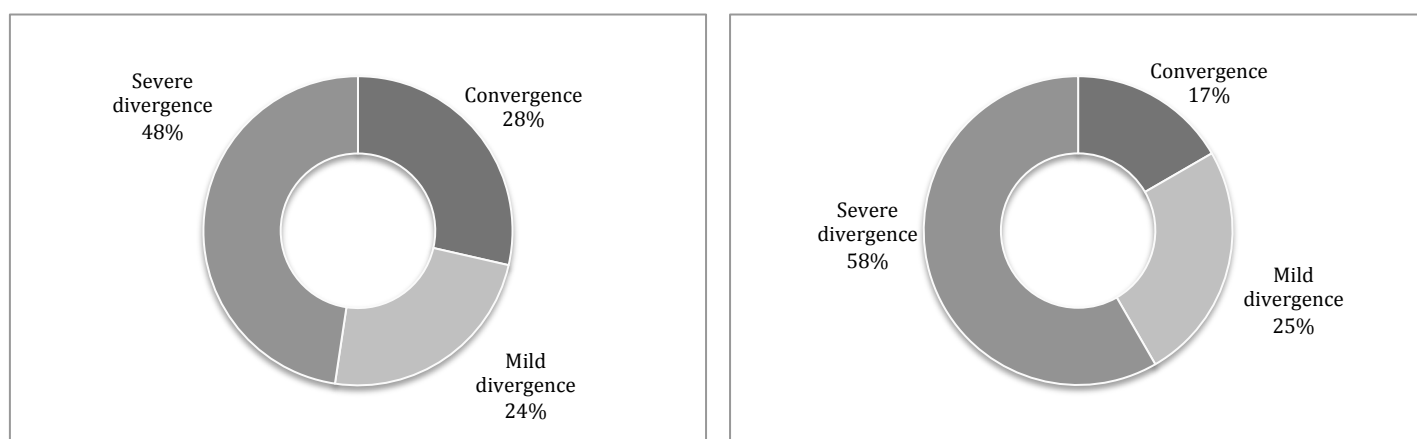


Source: author's extrapolation from data published by the UN, <http://www.un.org>.

At the UN Human Rights Council, where the normative dimension is necessarily prevalent, data paint an unsurprisingly more ambivalent picture, but here too an analysis of voting records

specifically relevant to west Asia and northern Africa points to lower than average divergence. Examining voting records of sessions 19 to 27 (February 2012 to September 2014) – including special sessions – out of a total of 60 votes taken, Italy and China diverge 83% of times (mild divergence 25%, severe divergence 58%). However, figures for the 21 votes taken on west Asia and northern Africa show overall divergence dropping to 72%, with cases of the two countries’ representatives voting against each other’s agenda (severe divergence) dropping below the 50% threshold (48%) (Figure 2).

Figure 2. Voting patterns at the UN General Assembly: level of convergence, Italy and China



Source: author’s extrapolation from data published by the UN, <http://www.un.org>.

Lack of established practices and protocols for engagement is the single most immediate factor preventing more intense cooperation between Italy and China across west Asia and northern Africa. At a more fundamental level, however, both players have yet to effectively cast a foreign policy agenda for the “deeper” Mediterranean region they are facing. For the Italian government this entails pursuing a re-orientation of the EU’s strategic gaze toward what ought to be understood as a regional security complex embracing Mediterranean littoral states – including the Union’s south – and those neighboring ones to which the former are connected through intersecting patterns of instability propagated by networked militant Islamism.

In the case of China, it implies breaking out of a bureaucratic-cum-conceptual silo mentality whereby Europe and the west Asia and northern Africa region are looked at as entirely separate entities. Early attempts by Beijing to replicate its diplomatic success in central and eastern Europe by proposing similar ad hoc initiatives to a grouping of southern European countries in 2010 are a testimony of this approach. They were met with less than lukewarm support by Italian authorities,

who would not wish to increase Brussels' frustration by supporting a further segmentation of the European space in terms of China's political access points. Both Chinese officials and scholars have since reiterated this design, while efforts to devise broader formats encompassing southern Europe, west Asia and northern Africa (a more comprehensive *Nan Ou Xi Ya Bei Fei* region) are mired by both administrative and cognitive barriers.³³ The conversion operated by Chinese academic and research institutions which saw an established tradition of country-specific studies substituted by broader EU research themes – often monopolized by a focus on EU institutions and major member states – has played a significant role in this: as the footprint of the community of Italy watchers in China remains very light,³⁴ the specificity of Italy as a pillar of the EU and an anchor for stability in the Mediterranean has so far failed to be leveraged.

Table 2. Italy's and China's market shares in the ten largest economies of west Asia and northern Africa

	Italy		China	
	2004	2013	2004	2013
Turkey	7.0	5.1	4.6	9.8
Saudi Arabia	3.4	3.3	6.6	12.8
Iran	7.1	2.5	4.9	10.3
Israel	3.8	3.7	3.5	7.9
Egypt	4.8	5.3	5.1	10.5
Iraq	n.a.	n.a.	n.a.	n.a.
Algeria	8.5	10.3	5.0	12.4
Qatar	3.4	4.0	3.1	8.0
Morocco	6.5	4.9	4.2	6.6
Oman	5.8	1.9	1.7	3.1

Source: author's extrapolation based on the statistical databases of the International Trade Center Investment Map.

Inadequate commitment in finding common ground for joint political efforts in the west Asia and northern Africa region, however, is likely to have negative consequences in both the short and medium term. In the short term, both Italy and China – two countries sharing an unequivocal interest in stability in the Mediterranean – stand to lose out from missing an opportunity to combine forces to address what remains an emergency situation across the region. Over the medium term, as Table 2 suggests, Italian economic interests are set to face even more intense competition from China (as well as from a number of other emerging actors) in the region regardless of the shape it

takes. Failure to consolidate the societal foundations of the Italy-China strategic partnership at this juncture by pursuing positive-sum games both bilaterally and regionally may thus saw the seeds of less promising times down the road.

¹ Research for this essay was supported by T.wai, Torino World Affairs Institute, through its west Asia and northern Africa (WANA) research agenda. The quoted data on Chinese economic interests in the WANA region feature in T.wai's forthcoming online monitor on China's footprint in the Mediterranean region, funded through a grant by the Policy Planning Unit of the Italian Ministry of Foreign Affairs and International Cooperation (*Unità di Analisi, Programmazione e Documentazione Storico-Diplomatica*) and coordinated by Cao Yue.

² Wang Jisi, "March West: rebalancing China's geopolitical strategy" (*Xijin, Zhongguo diyuan zhanluede zaipingheng*), *Huanqiu Shibao*, 17 October 2012, http://opinion.huanqiu.com/opinion_world/2012-10/3193760.html.

³ Ministry of Foreign Affairs of the People's Republic of China, "President Xi Jinping delivers important speech and proposes to build a Silk road economic belt with Central Asian countries", 7 September 2013, http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1076334.shtml. Initially viewed as little more than rhetorical flourish, the potential of the "New Silk Road" project to accelerate the reconfiguration of the global geo-economic and institutional landscapes has become increasingly manifest: on 4 November 2014 Xi Jinping chaired a meeting of the Chinese Party-State's Leading Small Group on Financial Affairs (*zhongyang caijing lingdao xiaozu*) calling for the newly-established Asia Infrastructure Investment Bank (AIIB) to join Chinese policy banks in providing funds for projects in the transportation, electricity and telecommunications sectors to further connect China with central and western Asia. Together with the New Development Bank established by BRICS countries in July 2014, the China-sponsored AIIB is the second major development bank to be created outside of the US sphere of influence since the 1944 Bretton Woods accords: with a projected 100 billion USD in initial capital it is poised to be a significant competitor for US- and Japan-dominated Asian Development Bank. "Xi Jinping: accelerating the construction of the Silk Road Economic Belt and the 21st century Maritime Silk Road" (*Xi Jinping: jiaokuai tuijin sichou zhilu jingjidai he 21 shiji haishang sichou zhilu jianshe*), *Xinhua*, 6 November 2014. In maps published by the PRC's official Xinhua news agency the terminus of both the terrestrial and maritime "New Silk Roads" is the Italian city of Venice. The symbolism this choice entails – the lagoon city is the home of Marco Polo, the famous European merchant pioneering trade exchanges with Yuan China through the original 13th century Silk road – ought not to overshadow the fact that the Veneto region is a key junction

connecting the Mediterranean space with Germany and the wider core of continental Europe; <http://www.xinhuanet.com/world/newsilkway/index.htm>.

⁴ See “Remarks by President Park Geun-hye at the 2013 International Conference on Global Cooperation in the Era of Eurasia”, 18 October 2013, <http://www.korea.net/Government/Briefing-Room/Presidential-Speeches/view?articleId=114334>; “Remarks by Mr. Ahmet Davutoğlu, Minister of Foreign Affairs of Turkey at the 12th Ministerial Meeting of the Asia Cooperation Dialogue (ACD) Member States”, 25 November 2013, <http://www.mfa.gov.tr>; President Vladimir Putin’s speech at an expanded meeting of the Shanghai Cooperation Organization Council of Heads of State, 12 September 2014, <http://eng.news.kremlin.ru/news/22943/print>.

⁵ Ministry of Foreign Affairs of the People’s Republic of China, “Li Keqiang Attends and Addresses the Plenary Session of the 10th Asia-Europe Meeting (ASEM) Summit”, 17 October 2014, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1202066.shtml.

⁶ Ministry of Foreign Affairs of the People’s Republic of China, “Chinese president calls for greater democracy in international relations”, 28 June 2014, http://news.xinhuanet.com/english/china/2014-06/28/c_133445551.htm.

⁷ Author’s interviews with senior Chinese scholars affiliated to EU studies departments and programs, Chinese Academy of Social Sciences, Central Party School of the Communist Party of China, China Center for Contemporary World Studies, China Institutes for Contemporary International Relations, Beijing, November 2013.

⁸ This characterization of Germany’s role as a linchpin of Sino-European relations by Sebastian Heilmann is reflected in widespread discussions on the Sino-German “special relationship”; see among others Mercator Institute for China Studies, “China’s Prime Minister Li Keqiang in Berlin, Moscow and Rome” (Chinas Ministerpräsident Li Keqiang in Berlin, Moskau und Rom), *China Update*, 45, October 2014.

⁹ Other than with Germany, the PRC has established strategic partnerships with France (2004), Italy (2004), the UK (2004), Portugal (2005), Spain (2005), Greece (2006), Denmark (2008), Poland (2011) and Ireland (2012). See Zhongping Feng and Jing Huang, “China’s strategic partnership diplomacy: engaging with a changing world”, *European Strategic Partnerships Observatory*, working paper 8, June 2014.

¹⁰ Author’s interviews with senior Chinese officials from the PRC Ministry of Foreign Affairs and the International Department of the Communist Party of China, Beijing, April 2014.

¹¹ Author’s interviews with scholars and officials from Beijing Foreign Studies University and the Chinese Academy of Social Sciences (Beijing, November 2013, April 2014), the Guangdong Academy of Social Sciences (Guangzhou, February 2012), the China Institutes for Contemporary International Relations (Beijing, October 2010, February 2012, November 2013, April 2014; Rome and Turin, April 2013), the PRC Ministry of Foreign Affairs, the International Department of the Communist Party of China, and Zhejiang University (Beijing and Hangzhou, April 2013, November 2013, April 2014).

¹² Author’s interviews with officials from Banca d’Italia, Italy’s central bank, October 2013.

¹³ Jean Claude Juncker, “A New Start for Europe”, political guidelines and opening statement before the Plenary Session of the European Parliament, Strasbourg, 15 July 2014, p. 6, http://ec.europa.eu/about/juncker-commission/docs/pg_en.pdf.

¹⁴ In one of her very first official declarations, High Representative Mogherini confirms that “the EU considers the holding of ‘presidential and parliamentary elections’ in Donetsk and Luhansk on 2 November 2014 as illegal and illegitimate and will not recognise them”, Declaration by the High Representative on behalf of the EU on ‘elections’ in eastern Ukraine, Brussels, 5 November 2014, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/cfsp/145644.pdf. The PRC’s official position remains ambivalent: “China upholds the principle of non-interference in others’ internal affairs and respects sovereignty and territorial integrity of Ukraine. We hope that all parties will hold dear the ceasefire that is not easily achieved, keep calm, exercise restraint, properly resolve relevant differences through dialogue and consultation and work in concert to push for the political settlement of the crisis”, Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference, Beijing, 3 November 2014, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1206855.shtml.

¹⁵ The government of the PRC has been focusing on west Asia and northern Africa as a unified region since the early 1970s through a dedicated bureau of the Ministry of Foreign Affairs. The perimeter of this region is defined in both geographical and functional terms: geographically *Xi Ya Bei Fei* broadly corresponds to the MENA region, functionally it covers the operations of multilateral organizations such as the Arab League, the Gulf Cooperation Council and the Organization of Islamic Cooperation. For the purposes of this work, *Xi Ya Bei Fei* is treated as a regional security complex, whose analytic cohesiveness is determined by proximity to the Mediterranean Sea and broad and intersecting patterns of instability propagated by networked militant Islamism. Specifically, the following countries are included: Algeria, Bahrain, Chad, Djibouti, Egypt, Eritrea, Ethiopia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mali, Mauritania, Morocco, Niger, Oman, Qatar, Somalia, South Sudan, Sudan, Syria, Tunisia, Turkey, UAE, West Bank and Gaza, Yemen.

¹⁶ According to World Bank statistics (GDP, current USD), in 2013 the ten largest economies in the west Asia and northern Africa region were Turkey, Saudi Arabia, Iran, Israel, Egypt, Iraq, Algeria, Qatar, Morocco, Oman. Israel, Morocco and Turkey are the three countries for whose exports Italy was not one of the top-3 EU destinations.

¹⁷ Statistics compiled by the author using UN Comtrade data (<http://comtrade.un.org>). Reporting country: Italy.

¹⁸ Data aggregated by the author based on the statistical databases of the International Trade Center Investment Map (<http://www.investmentmap.org>) and China’s Ministry of Commerce (MOFCOM).

¹⁹ Data on Italians living abroad, Italian diplomatic personnel, and Italian cooperation funds are from the Italian Ministry of Foreign Affairs, *Statistical Yearbook: the Ministry of Foreign Affairs in numbers* (Annuario statistico: il Ministero degli Affari Esteri in cifre), Rome, 2004 and 2014 editions.

²⁰ According to the Italian Ministry of the Interior, 62,600 immigrants illegally crossed over from the southern and southeastern shores of the Mediterranean into Italian territory in 2011, 13,300 in 2012, 43,000 in 2013, and over 118,000 2014.

²¹ See the Statement issued following the meeting of Italy's Supreme Defense Council (*Consiglio Supremo di Difesa*) on 15 October 2014, Rome: <http://www.quirinale.it/elementi/Continua.aspx?tipo=4&key=17194>.

²² The “growing synergies on regional and global issues” were highlighted as the very first remark on the consolidation of the Sino-Italian strategic partnership in the Joint Declaration issued at the end of the bilateral meeting between Italy's Prime Minister Matteo Renzi and PRC Premier Li Keqiang in Rome, 14 October 2014.

²³ *China Trade and External Economic Statistical Yearbook* (Zhongguo maoyi wajing tongji nianjian), China Statistics Press, Beijing, 2001-2013 editions.

²⁴ The most influential work on China's creative involvement in global affairs is Yizhou Wang, *Creative involvement: a new direction in China's diplomacy* (Chuangzhaoxin Jieru: Zhongguo Waiji Xin Wuxiang), Beijing, Peking University Press, 2011). On the use of economic dependency as a surrogate for military and ideological influence see Xinchun Niu, “An analysis of Chinese interests and influence in the Middle East” (Zhongguo zai zhongdongde liyi yu yingxiangli fenxi), *Xiandai guoji guanxi* (Contemporary International Relations), 2013, 10, pp. 44-68.

²⁵ Giovanni Andornino, “Strategic ambitions in times of transition: key patterns in contemporary Italy-China relations”, in Maurizio Marinelli and Giovanni Andornino (eds.), *Italy's encounters with modern China. Imperial dreams, strategic ambitions*, 2014, New York: Palgrave Macmillan, pp. 147-170.

²⁶ Giovanni Andornino, “The Political Economy of Italy's Relations with China”, *The International Spectator*, 2012, vol. 47, p. 87-101.

²⁷ In 2010, in addition to being the recipient of a modest 2.5 percent of total Italian exports, the PRC was the final destination of only 1.6 percent of total Made in Italy exports worldwide. While on average Made in Italy products contributed some 40.5 percent to total Italian exports in 2010, the relevant quota for the PRC was a mere 26 percent. In subsequent years a positive trend has emerged and in 2013 the share of made in Italy out of the total of Italian exports to China grew by 47%, reaching 38.3%. Statistics compiled by the author using UN Comtrade data (<http://comtrade.un.org>). Reporting country: Italy.

²⁸ Pew Global Attituded Project, 2014, <http://www.pewglobal.org/database/indicator/24/country/107>.

²⁹ An analysis of all acts of the Italian Senate and Chamber of Deputies dealing with China – both in plenary sessions and committee works – throughout the XVII Legislature shows that in 91% of cases the PRC is either censored or negatively connotated in the discussion; Giovanni Andornino, “Strategic ambitions in times of transition: key patterns in contemporary Italy-China relations”.

³⁰ Li Keqiang, “The evergreen tree of friendship between China and Italy” (L'albero sempreverde dell'amicizia tra Cina e Italia), *Sole24Ore*, 13 October 2014; the two heads of government have committed to more frequent and deeper political exchanges, with the next plenary session of the Italy-China Governmental Committee scheduled in Spring 2015.

³¹ Rachel Sanderson, “China swoops in on Italy’s power grids and luxury brands”, *Financial Times*, October 7 2014, <http://www.ft.com/intl/cms/s/0/1bd60160-4496-11e4-bce8-00144feabdc0.html#axzz3JFAqmmLG>.

³² Italy was last a member of the UN Security Council in the 2007-2008 period, immediately before the destabilization of the west Asia and northern Africa region: 134 votes were held over these two years, 56 of which (42%) specifically relevant to the region; Italy and China’s voting patterns converged in all instances except one.

³³ This agenda has found some initial traction through the Sino-Italian track-2 bilateral dialogue mechanism established by the Torino World Affairs Institute (T.wai) and the China Institutes of Contemporary International Relations (CICIR). Following three iterations at the strictly bilateral level, the dialogue is set to be partly broadened in a south Europe, west Asia, northern Africa format starting in 2015.

³⁴ Early findings from the author’s “Perceptions and Perspectives of China’s relations with Italy” research project, entailing a systematic polling of Italy watchers from academia, policy think tanks and institutions across China.